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ARIZONA CORPORATION COMMISSION

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October 13, 2006

Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Mike Gleason
Commissioner Barry Wong

Re: Application by Wind River Resources, a Nevada Corporation, to pump Arizona water supplies to Nevada; Impact on Arizona Water Companies; Beaver Dam Water Company, Docket No. W-03067A-06-0117

Dear Colleagues and Parties to the Docket:

Recently, it has come to my attention that Nevada-based Wind River Resources, LLC has applied to the Arizona Department of Water Resources (ADWR) for permission to export water from a remote area of northwestern Arizona served by the Beaver Dam Water Company to an area in Nevada.

According to the application, which was filed at ADWR pursuant to Arizona Revised Statute (A.R.S.) §§ 45-291 et seq., Wind River would drill three wells near what is called Beaver Dam Wash in Arizona, and transport the water for use by the Virgin Valley Water District located in Mesquite, Nevada. It appears as though Wind River Resources has purchased land inside Arizona near the Beaver Dam Wash which it intends to use as a water farm for its housing developments in Nevada. The proposal calls for an initial exportation of 800 acre feet per year to Nevada, rising to 14,000 acre feet per year between 2045 and 2055. Additionally, the application states that the Nevada water district would use the Arizona water to blend out arsenic in its water supply, and would then re-import some of that blended water back to Arizona and the Beaver Dam area.

Recently, a number of residents within the Beaver Dam Water Company's service territory have expressed concern about this plan, including that it could drain precious water supplies away from the Beaver Dam area and harm the ability of this Arizona water company to provide safe and reliable service to its customers.¹

This plan has prompted ADWR to take the prudent step of scheduling a public comment session in the Beaver Dam area to hear the concerns of local residents sometime in November. ADWR

¹ In addition to filing this letter in the docket addressing a Beaver Dam Company application for a CC&N extension, I am docketing an email with attachment I received from the President of the Beaver Dam Water Company detailing his concerns.

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also intends to hold a hearing on the matter, overseen by an Administrative Law Judge, in the Beaver Dam area.

I believe this unprecedented proposal has the potential to negatively impact at least one water company regulated by this Commission.² I am also concerned about the precedent this proposal could set for the exportation of Arizona groundwater to other states. Therefore, pursuant to our duty to safeguard the customers of Arizona water companies, I believe it is necessary for the Commission to monitor the case before ADWR on the matter, and believe that our Staff should attend the scheduled ADWR hearings, perhaps as official intervenors. Furthermore, I propose that the Commissioners hold a town hall on the matter in the Beaver Dam area in order to gather information about the impacts of the proposal and the concerns of the affected customers of the Beaver Dam Water Company.

Finally, I believe it is appropriate for this issue to be addressed during the upcoming hearing on Beaver Dam Water's application for an extension of the company's CC&N. Therefore, I will be docketing the Wind River Resources Application before ADWR in the Beaver Dam CC&N application docket.

Thank you for your consideration of this matter.

Sincerely,



Kris Mayes
Commissioner

Cc: Brian McNeil
Ernest Johnson
Heather Murphy
Herb Guenther

² As part of the Commission's analysis of the Wind River Resources Application, I would like to know whether it would impact any other water companies located in northwestern Arizona.

Sheila Stoeller

From: Bob Frisby [Bob@pikx.com]
Sent: Thursday, September 28, 2006 4:45 PM
To: Mayes-WebEmail
Subject: Arizona Department of Water Resources Application 33-096790
Attachments: Sept 28 Fact Sheet (2).doc

Commissioner Mays, I am the manager/owner of the Beaver Dam Water Company and have been operating with a CC&N since 1988. Over the years we have been in for several extensions to our area. We have grown this water company through acquisition of smaller, out of compliance water companies and developed funded Line Extensions. We have a history with ADEQ of being in full compliance of and with all ACC findings and reporting.

We are now faced by a group of entities that are trying to take our water. These include the Virgin Valley Water District, Wind River Resources LLC and a Vista Verde Improvement District. On the ADWR website under hot topics you can find this application some 1800 pages of documentation that have been meticulously crafted to show that Southern Nevada has a greater need for our water than we do. We are very fortunate Beaver Dam Water Company has five Wells that meet all EPA drinking standards including the new arsenic rules. Wind River resource LLC has a lease on 40 acres of property above our community and they have an agreement with the Virgin Valley Water District to sell our water for over \$6 million a year. Vista Verde Improvement District is owned by the same people that own the property where the proposed well will be placed. The application calls for the Virgin Valley Water District of Mesquite Nevada to operate the Vista Verde improvement District (which by the way was formed inside of our CC & N) and then expand its boundaries to include those areas close to Mesquite Nevada. The plan is to mix our high-quality water with their low quality water and return it to a portion of Arizona.

We should have a right to stay in business. This plan of a Regional Area Water Provider Virgin Valley water District puts us out of business and several other water companies with CC&N's. The laws that Arizona Department of Water Resources has in place will only give us three weeks to reply to this enormous application. I would hope that the Arizona Corporation Commission could look into this matter. It is not fair and it's not right. Thank you in advance for your consideration. Bob Frisby, manager Beaver Dam Water Company.

10/13/2006

A FACT SHEET on

Wind River Resources (WWR) "A Nevada development company attempting to hijack Arizona water to provide for development in Southern Nevada at the expense of the residents of Mohave County"

- **Nevada/Las Vegas developers have built irresponsibly for too long**
 - In 2005 13,500 acres, on the northern boarder of Mesquite NV, were purchased from the Bureau of Land Management. The land was sold to buyers with the caveat that there was no water and a pipeline costing hundreds of millions was necessary. Now they are looking to AZ water instead.
 - Las Vegas continues to consume more water than what is sustainable
 - Mesquite is currently pushing for approximately 7,000 acres more from the Bureau of Land Management to sell to developers
- **Private Nevada land owners applying to ADWR to take AZ's water**
 - Wind River Resources (WWR) applied to Arizona Department of Water Resources (ADWR) to transfer 14,000 acre feet of water per year from Mormon Wells (which is 1.5 miles upstream of Beaver Dam Wash, AZ) to Mesquite, NV. Virgin Valley Water District (VVWD) in NV would be the regional water provider.
 - It is estimated that WWR would be taking 70% of water in wells
 - WWR would drill the well on a 40-acre piece of land owned by Scenic Investments, LLC which is managed by wealthy businessmen in Nevada.
- **Nevada developers robbing and polluting Arizona**
 - Mesquite's water supply currently exceeds arsenic standards. Rather than pay for costly treatment, they want to take Arizona's water, mix it with theirs, and dilute the arsenic to acceptable levels.
 - The water they would take from AZ is worth hundreds of millions of dollars
 - Some of the water will be returned to Scenic AZ for consumption, but the towns of Beaver Dam and Littlefield will not receive any water
 - WWR understated the amount of developable land in Beaver Dam and Littlefield in their application to DWR
 - Existing Beaver Dam wells could go dry, which would destroy potential economic development and to cover growth in the area
 - If the risk of subsidence is too severe, WWR would pump back arsenic laced water or treated sewage water
- **Current situation**
 - WWR attempting to rush DWR hearing—wanted a December 11th, 2006
The DWR hearing will likely take place in mid January
 - On 9/18/2006 the Mohave Board of supervisors unanimously voted to investigate the WWR application for piping water to Mesquite
 - Hundreds of signatures from residents were submitted to the ADWR director to oppose WWR
 - If Mohave County/Arizona's water is moved to Nevada, the natural growth of Mohave County cannot be sustained, injuring school funding, economic development and the environment